

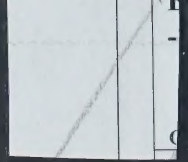
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SADCC

Southern African Development
Coordination Conference

Canada



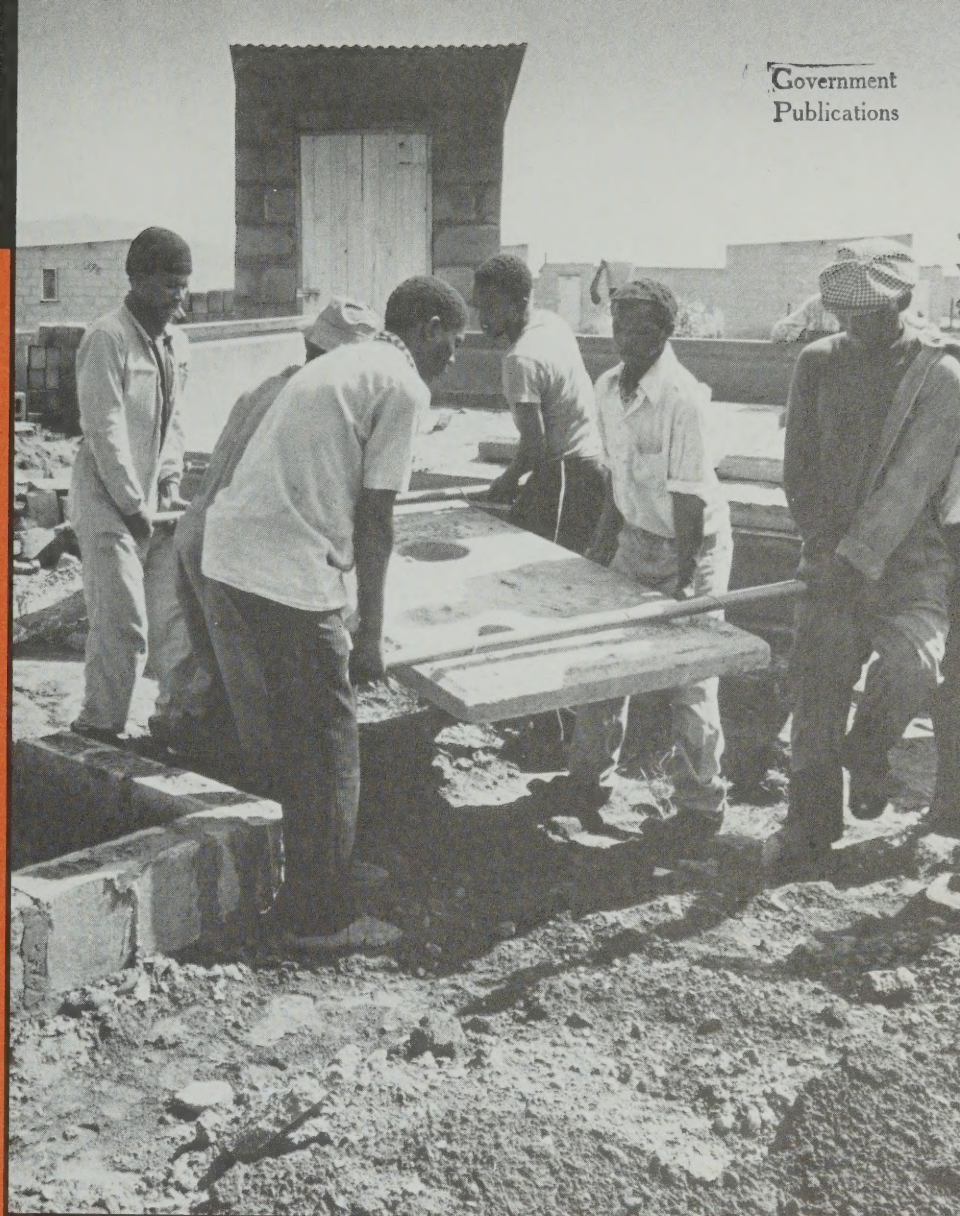
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WHAT IS SADCC?

The Southern African Development Coordination Conference is a regional grouping of the nine internationally-recognized independent black states of Southern Africa (Angola, Botswana, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) committed to economic and social development through intra-regional cooperation and collective self-reliance. SADCC's main thrust is to gather support and mobilize resources to implement programs of regional cooperation. It came into being on April 1, 1980 when the leaders of the nine participating states adopted the Lusaka declaration "Southern Africa: Towards Economic Liberation". What the founders of SADCC had in mind was a regional organization capable of challenging the powerful economic dominance and military power of South Africa. In reality, most of SADCC's economies show, in varying degrees, the pervasive effects of dependency. SADCC's first and most basic development objective is therefore to overcome the existing links of dependency through mobilization of resources and regional cooperation. SADCC intends to achieve this cooperation by strengthening the foundations of economic power within each participant and the region as a whole.

SADCC'S DISTINCTIVE FEATURES

At the structural level, SADCC represents a conscious attempt to be innovative and to avoid the pitfalls and weaknesses which have undermined previous regional experiments. SADCC has a distinctive cooperation framework. For instance, it stresses voluntary participation and decentralization, focusing only on substantive and pragmatic issues. Unlike other regional bodies, SADCC is not an institution or a supranational body, but rather a process -- on-going, flexible, and directed by and for the participating states according to their own national economic priorities, strategies and ideologies. This process relies upon flexible forms of cooperation based on perceived common interests. It advocates pragmatism, stressing harmonization over homogenization of policies.

VOLUNTARY PARTICIPATION

SADCC was created to facilitate new options, not to foreclose existing ones. Participation in SADCC is not therefore intended to preclude, limit or circumscribe existing bilateral and multilateral relationships with the member states. Voluntary participation also means that each of the participants has been asked, but not compelled, to assume the leadership and responsibility for the development of one of the vital sectors. Within this framework, all members may contribute ideas and join in discussions in the areas most salient to their needs even if primary responsibility has been allocated to another state. As a general policy, member states are encouraged to consider what they could do best and how deeply they can get involved at any given time. New responsibilities are to be allocated as the need and capacity to handle them emerge.

DECENTRALIZATION

Decentralization has become the byword of SADCC. It offers the advantage of equalizing administrative burdens and costs and creating constructive forms of interdependence. But there is more to it. The existing division of responsibility is also designed to prevent any given state from monopolizing the structure, projects and finances of the region to the detriment of its partners, as has happened in other regional experiments. Consequently, member states have established a division of labor according to interests, resources and capabilities. The allocation is as follows:

Angola:	energy
Botswana:	arid lands cultivation, agricultural research and animal disease control
Lesotho:	land utilization and soil conservation
Malawi:	fisheries, wildlife and forestry
Mozambique:	transport and communications
Swaziland:	human resource development and training facilities
Tanzania:	industrial development strategy
Zambia:	mining and extractive industries
Zimbabwe:	food security plan and agriculture

By this strategy, SADCC's intentions are twofold: to become increasingly visible throughout the region and to enable member states to point to tangible activity within its own borders resulting from participation in the regional venture.

PRAGMATIC AND SUBSTANTIVE ISSUES

From its early days, SADCC has voluntarily adopted a businesslike approach focusing, above all, on practical issues. Major priorities are specific and easily comprehensible. They include expansion of agricultural and industrial output, reorientation of existing productive facilities and rehabilitation of basic infrastructures. Little is required, for instance, to convince drought-stricken countries facing serious food shortages of the importance of setting up a food security plan. Landlocked states such as Botswana, Zambia and Zimbabwe are crucially aware that the upgrading of inter-state railways and ports will not only benefit them, but the region as a whole. Because such efforts deal with fundamental requisites for meeting basic economic problems at a regional level, SADCC has been successful despite ideological differences or disagreements on details of implementation. Much is owed to SADCC's ability to keep political, diplomatic or military matters separate from common economic concerns.

MINIMAL BUREAUCRATIZATION

From its early beginnings, SADCC has avoided the creation of a large bureaucracy. SADCC's institutional pattern includes summit meetings, a council of ministers, functional commissioners and a lean secretariat. Only the latter two involve bureaucratic structures. The secretariat, which is located in Botswana, consists of four professionals and four

support staff. The commissions are brought into being only when a proven need for them exists. They are required to co-ordinate and manage the identification, development and implementation of SADCC projects. Each commission deals with a separate sector and to date, five such commissions are in operation: the Mozambique-based Southern African Transport and Communications Commission (SATCC); the Angola-based energy sector Technical and Administrative Unit (TAU); the Botswana-based Southern African Centre for Co-ordination in Agricultural Research (SACCAR); the Regional Training Council (RTC), which is the Swaziland-based commission responsible for SADCC human resource development, and the Malawi-based Forestry Services Technical Co-ordinating Unit (FSTCU).

SADCC'S VITAL SECTORS

Agriculture

With a population of about 56 million, the SADCC region spreads over roughly five million square kilometers. Overall, population density is quite low except in smaller countries and around major cities. SADCC's population is predominantly rural-based. In six of the nine states, rural population accounts for 75 per cent of the total.

Agricultural production therefore plays a key role in most of these economies. Over the last decade, its output has steadily declined, increasing Africa's vulnerability. For although Africa has an enormous physical potential to feed itself, substantial barriers are preventing this from happening. The list of factors impeding food security remains depressingly long, including historical, demographic, economic, political and structural constraints. Overall, those that relate to poor production, low level of capitalization, recurring shortages of agricultural inputs and human resources, are particularly acute and seriously affect the agricultural output of the region.

Another important cause of declining output and rising levels of absolute poverty lies in the fact that food production has not kept pace with population growth. Over the last decade, increases in food production exceeded population growth in Lesotho, Malawi, and Swaziland only. The other six states have experienced shortages in varying degrees. Deteriorating foreign exchange earnings, declining real incomes and the combined effects of recession have all limited Africa's food imports.

In 1982, this difficult situation became further compounded by the onset of a multi-year drought, the worst one experienced this century. This drought literally scorched and burned large patches of once prosperous land. The parched soil led to massive crop failures and killed millions of livestock. Direct agricultural losses and costs incurred are evaluated at around US\$1 billion. For the three years, eight of the nine SADCC states faced very serious food shortages and emergency food aid remains an urgent requirement for three of the SADCC countries (Mozambique, Angola and Botswana).

As the Southern African region emerges from this drought, the donor emphasis is switching from emergency assistance to middle and long-term assistance designed to support SADCC countries achieve a lasting increase in agricultural output and self-reliance. Steps in the right direction are also being taken individually, by SADCC member states. All of them acknowledge that agricultural and rural development should receive the highest priority within their national plans and that policies should provide incentives for farmers to produce and market output. SADCC countries are looking at ways to allocate greater resources to food production, to provide credit facilities to farmers, to support research and training facilities and to intensify pest and animal disease control programs.

Natural Resources

Southern African states can fortunately rely upon important natural resources to trigger much-needed economic development. Compared to other sub-regions of the continent, the SADCC region is generously endowed with huge reserves of natural resources. Although differences exist among SADCC member states, the region as a whole has substantial mineral deposits and an impressive array of renewable and non-renewable energy resources.

Angola, for instance, is rich in various mineral deposits. The country has important industrial diamond mines, iron and copper mines, manganese and phosphate deposits. Oil can also be found in huge pockets. Some geologists hold the view that Angola is one of the richest countries of southern Africa.

The mining sector, particularly diamonds, also plays a key role in Botswana's economic growth. The country ranks as the third-largest diamond producer in the world. Botswana also has important copper-nickel deposits and huge reserves of coal. In Lesotho, mineral exploration is being undertaken and prospects of important reserves of oil are good. Coal drilling studies are also under way.

Important coal mines also exist in Mozambique. In fact, the country has the potential for a flourishing minerals industry, possessing largely unexploited deposits of iron and other commercially valuable rare minerals. Extensive geological research is taking place. Additionally, Mozambique has a large hydroelectrical potential as well as significant natural gas reserves that can provide the basis for future industrial growth. Its neighbor, Swaziland, has some mineral deposits (gold, coal).

The basis of Zambia's wealth rests on copper mines which provide 95 per cent of the country's foreign exchange. Zimbabwe's economy is based mainly on the exploitation of mineral resources and manufacturing. Gold mines constitute the most valuable exports. Asbestos is next, followed by copper, chrome, nickel, coal, iron, silver, bauxite and zinc. Zambia and Zimbabwe also share a considerable hydro-electric capacity.

In recent years, the largest increases in productivity have taken place in the extracting and processing industries. Malawi is the only SADCC

member state to have no significant exploitable mineral resources. Malawian light manufacturing and services industries, on the other hand, have grown rapidly since independence. The SADCC region has the potential for self-sustaining economic development, provided it can overcome the constraints it faces.

Overall Economic Performance

Considering the SADCC region's extensive resource base, economic performance has been disappointing. With a combined gross domestic product (GDP) of roughly US\$24 billion in 1984, the region's total output of goods and services was half that of its neighbor, South Africa. Economic growth rates expressed in GDP, in the last two decades, ranged from minus 9.2 per cent in Angola to 13.5 per cent in Botswana. Malawi has scored an average of 5.1 per cent, Tanzania 4 per cent, Lesotho 6.6 per cent, Zambia 0.9 per cent, Zimbabwe 2.2 per cent. Only Botswana, Lesotho and Swaziland have registered economic growth rates exceeding 8 per cent.

The sharp divergence between the economic performance of the majority of SADCC states and their enormous potential can be attributed to a number of external factors such as the unsettled regional political situation, the global economic environment and strong external dependency links. The disruptive effects of political turmoil in the region have seriously hampered the efforts toward self-sustained economic development. Moreover, a good number of SADCC states have, over the past 15 years, been adversely affected by major trends at the international level. The fourfold increase in oil prices during the 1970s caused severe and long-term economic dislocation and recession. Slowdowns in the world demand for primary commodities, rising world interest rates and increasing food imports served to further undermine the economic growth potential of SADCC countries. The region's existing transportation and communications network, so heavily dependent on South Africa, represents another major handicap to sustained economic growth. The economic weaknesses of black African states have furthermore precluded regular maintenance programs, replacement of capital equipment and upgrading of existing transportation systems.

The SADCC region is potentially rich and its cooperation framework provides the opportunity to tackle the serious problems that hinder the region's economic development. Projects are designed to help the entire region rather than just one country. The results from cooperative efforts are positive and SADCC projects have to date attracted actual and potential donor funding in excess of US \$2 billion. Huge regional endeavors are being undertaken in the transportation, communications and energy sectors. So far, 172 projects have been identified in these sectors and approximately 100 have received partial or full financing from the donor community. These projects, when completed, will reduce the region's dependence on South African energy supplies, transportation and communications networks. This will improve overall regional economic development.

In food and agriculture, a total of 62 SADCC projects focusing on regional food security, agricultural research, livestock production and

animal disease control have been submitted for donor funding. At present over thirty of these projects have received financial assistance. Tanzania has appraised the existing productive capacity in the region and identified areas where production could be increased. Projects are already under way in the subsectors of salt, textiles, wool and mohair, farm implements and fertilizers.

For SADCC states, participation in the regional venture appears to be the best route toward self-sustained economic development. SADCC offers practical solutions to mounting pressures and enables the participating countries to integrate their economies and gradually reduce their dependence.

CANADA AND SADCC

Canada's relationship with the majority of the individual SADCC states is a longstanding one that dates back to the early sixties when the majority of these African states acquired their independence. From the outset, Canada has been supportive of their national development efforts and has channelled, through its regular assistance program, an annual average of \$100 million to the countries of the SADCC region.

Canada's development assistance to the Southern African Development Coordination Conference itself was formally authorized by a 1983 Cabinet decision to accord multi-year programming status to the SADCC grouping. Pursuant to this decision, CIDA conducted a review of assistance programming opportunities with SADCC. It was concluded, in light of SADCC's development priorities and Canadian capabilities, to focus CIDA involvement in four sectors: food and agriculture, transport and communications, energy and human resource development.

Since the Canadian commitment to SADCC was publicly announced at the 1984 Lusaka Conference, CIDA has approved eighteen projects which range from the provision of technical assistance and funding for detailed feasibility studies and regional agricultural projects, to capital investments in the energy, transport and communications sectors. The total value of these projects amounts to approximately \$90 million. The following is a selective overview of recent and ongoing CIDA projects in these priority sectors.

FOOD AND AGRICULTURE

Forestry Technical Services Fund: As the government responsible for coordinating the forestry sector within SADCC, Malawi has established the FSTCU to carry out this role. This unit will provide for regional coordination and information exchange in addition to training, project analysis and program development. CIDA is supplying financial and technical assistance to the unit through the provision of a full-time forestry specialist for a five-year term and a number of others on a short-term basis. The total cost of the project is estimated at \$2.8 million.

Southern African Centre for Cooperation in Agricultural Research

(SACCAR): Together with USAID and the Swedish Agency for Research Cooperation in Developing Countries (SAREC), CIDA is supporting the creation of a small centre in Botswana to coordinate and enhance agricultural research throughout the SADCC region. SACCAR has responsibility for documenting and disseminating information on regional agricultural research activities and promoting interregional exchanges, training and special studies. Staff at the centre includes a director and officers responsible for manpower, training, information and finance and administration. There is also a component for support staff. All personnel come from within the region. The project was initiated in 1985 and \$1.6 million will be provided over a period of six years.

Regional Sorghum and Millet Program: Through the assistance of the International Crop Research Institute of the Semi-Arid Tropics (ICRISAT), a regional millet and sorghum research project based in southern Zimbabwe was developed two years ago and is being funded primarily by USAID. Millet and sorghum are the two most widely grown and most drought-resistant small-scale farmer grain crops. This project is supporting national programs with training and research and will move into variety screening, seed multiplication and milling. CIDA and West Germany will each provide \$2.0 million of additional assistance to this project over the next four years.

Post Production and Food Industry Advisory Unit: This project involves the provision of \$3.2 million in untied CIDA/IDRC (International Development Research Centre) funding to support the establishment of a regional Post Production and Food Industry Advisory Unit within the Zimbabwe Ministry of Agriculture. The unit, which will be staffed by agricultural experts recruited from within the SADCC region, is intended to increase food availability through the investigation and installation of more effective post-production collection, storage, marketing and processing systems.

The International Council for Research in Agroforestry (ICRAF) Network Project: This project is in its very early stages. ICRAF is to create a network among agriculture and forestry research institutions in the sub-humid unimodal highlands, and eco-zone which includes Tanzania, Malawi, Zambia, Zimbabwe and parts of Mozambique and Angola. In addition to creating a network, the project will also provide training to researchers and implement several research projects. CIDA funding for this project presently amounts to \$150,000.

The International Service for National Agricultural Research (ISNAR) Management Training Project: This project is designed to increase the effectiveness of agricultural research in SADCC through the provision of national and regional research management training workshops, the development of training materials and the strengthening of agricultural facilities. The project will be run jointly by ISNAR and SACCAR. The CIDA contribution to this multi-donor project is \$1.0 million.

TRANSPORT AND COMMUNICATIONS

Nacala Railway Rehabilitation (Phase I): This project, which was approved in 1983, represented CIDA's first contribution to SADCC. The total project comprises a two-phased rehabilitation of 538 km of railway track that links landlocked Malawi and the Northern Mozambique hinterland with the Indian Ocean seaport of Nacala. The first phase involves the rehabilitation of 192 km of track from Nacala to Nampula. France, Portugal, Mozambique and Canada are financing this first stage, with Canada providing \$15.9 million in steel rail, miscellaneous equipment and monitoring. Completion of Phase I is scheduled for early 1987.

Nacala Railway Rehabilitation (Phase II): A contribution of \$29 million was recently approved to continue Canadian assistance into the second phase rehabilitation of the remaining 346 km of track from Nampula to Cuambo. The CIDA money will be used to purchase the same range of inputs as was supplied for the first phase. The considerably larger amount of Canadian assistance is required because of the greater length of track to be rehabilitated in the second phase. Other donor assistance is being provided by France, Portugal, the European Community, Italy, Finland and Sweden.

Regional Telecommunications Connectivity: This project will facilitate improved communications both within the SADCC region and between this region and the rest of the world. CIDA is supplying and installing the additional equipment required to fully establish Zambia as the regional telecommunications transit centre and also augment the regional connectivity capacities for five other SADCC member states (Angola, Botswana, Lesotho, Mozambique and Swaziland). At the end of the project, connectivity will be complete to all 9 SADCC countries. The total CIDA contribution to this three-year project is \$13.9 million.

SADCC Technical Services Fund: This project is providing technical services to SATCC, the commission mandated to coordinate SADCC's transportation and communications programs. The consultants CIDA provides through this project work with and assist SATCC in the identification, analysis, and resolution of current and potential bottlenecks in the region's transportation and communications systems. Assistance is provided under two contracts, one for transportation and one for telecommunications. The objectives for the project are to develop project documentation to the feasibility level, to facilitate the "flow" of information to promote human resource development, particularly through intra-regional training. The cost of the project is \$5.6 million, spread over four years.

ENERGY

Coordinated Interconnector Study: SADCC has accorded great importance to the optimal use of existing energy capacity within the region. In light of this, CIDA commissioned a feasibility study to analyze three energy interconnector projects that SADCC proposed in Zimbabwe/Botswana,

Zambia/Zimbabwe/Northern Botswana, and Swaziland/Mozambique. The cost of all three studies is \$2.5 million.

Power Supply to Northern Botswana: This \$3.3 million project will expand the Zambia-Zimbabwe interconnected grid to supply lower-cost electricity primarily to a remote region of Northern Botswana. It will also provide electricity supplies to small neighboring border communities in Zambia and Zimbabwe. The analysis and design of this project was completed as part of the above-stated interconnector studies project.

Industrial Energy Conservation Pilot Project: This project will provide a small team of energy auditors to evaluate energy usage in selected SADCC firms. The team will also be mandated to propose and demonstrate methods and technologies which would assist firms in specific industries to conserve energy resources and improve the economic efficiency of their operations. Training seminars and workshops will also be conducted throughout the region as part of this project. The cost of the project will be approximately \$4 million. Implementation is expected to begin late in 1986 and continue over four years.

Energy Technical Services Fund: CIDA is providing \$4.85 million of technical assistance to the Luanda-based TAU (the energy sector technical unit). The project involves the full-time placement of two Canadian energy specialists in Angola for a period of three years. Short-term consultant services are also to be provided to carry out project feasibility and design studies in six energy subsectors (power generation, energy conservation, biomass, fossil fuel, energy policy and new and renewable energy). Pilot projects in wind and solar energy might also be implemented out of this project budget.

HUMAN RESOURCE DEVELOPMENT

CIDA's strategy with regard to human resource development is to focus its funding on the training of local personnel who work in the three other priority sectors. Experience has indicated that CIDA is best able to achieve this by including training components in specific projects that CIDA approves in these other sectors. This practice will continue to constitute CIDA's principal means of support to human resource development. The types of training provided will depend on the specific needs of the project and the sector. However, there will be a preference as in the case of agricultural research to use CIDA funds to provide on-the-job training workshops and seminars for SADCC nationals. Finally, so as to contribute to educational institution building in the region, the Agency will make particular efforts to utilize SADCC colleges and institutions wherever they provide the appropriate programs.

CANADA'S FOREIGN POLICY AND COMMERCIAL OBJECTIVES

A blend of humanitarian, political and economic considerations underline Canada's position and support toward SADCC. The focus of Canada's development assistance has been and continues to be on the poorest countries of the Third World. Four of SADCC's nine members figure among

the 36 least developed countries of the world. Moreover, Canada supports the need for better coordination of assistance efforts and new economic cooperation arrangements. And this is precisely what SADCC is about. As an active member of the Commonwealth, Canada also has a duty to assist African states in their decolonization process.

From a commercial point of view, SADCC states offer, at this stage, limited opportunities to Canadian exporters. Canadian goods and exports to six of the nine countries, excluding Botswana, Lesotho and Swaziland, for which data are unavailable, amounted to \$46.6 million in 1985. This small figure is linked to the fact that a good number of these countries are not considered creditworthy for commercial bank financing or for export credit financing. Within the region, Botswana, Swaziland and Zimbabwe are the only ones for which commercial financing exists.

Most of the other states are, however, eligible for development assistance programs provided by national and international aid agencies. Some would probably also qualify under financing with third party guarantees or other co-financing activities.

CIDA intends to use all available forms of cooperation including institutions, non-governmental organizations and the private sector in order to support SADCC member states in their development strategies. Much of the activity to be carried on with SADCC should be of interest to the business community whether it be in agriculture, energy, transport or communications.



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